

CITY OF MIAMI BEACH
Office of the City Manager
Letter to Commission No. 170-2005



To: Mayor David Dermer and
Members of the City Commission

Date: June 27, 2005

From: Jorge M. Gonzalez
City Manager

A handwritten signature in black ink, likely belonging to Jorge M. Gonzalez.

Subject: **UPDATE ON CASTLE BEACH CONDOMINIUM (5445 COLLINS AVENUE)**

At the June 8, 2005 City Commission Meeting, a question was raised on the use of City facilities for residents of the Castle Beach Condominium. As you know, the City's Building Official declared the above referenced building "unsafe" and ordered an immediate evacuation of the building on April 14, 2005. This decision was made after a team of inspectors from the City's Building and Fire Departments conducted a comprehensive inspection of the main switch gear room including the main buss duct where the power supply of the whole building passes through.

Robert Stone was appointed the financial receiver by a court due to litigation between a block of unit owners and the board of directors and was given limited financial authority to manage the financial affairs of the condominium. On April 12, the court-appointed receiver was contacted by the City Attorney's Office to request an update on the status of remedial work needed to correct the pending violations. The receiver advised the City that he had no authority in directing any work in the building and the power to direct work was still in the hands of the board of directors. On April 15, an emergency hearing before the court was scheduled and the City's Building and Legal staff provided testimonies on the status of the building. Upon conclusion of the hearing, the sitting judge removed all authority from the board of directors and granted the receiver the authority to direct any and all work needed to repair the building and bring it into compliance with all building and life safety codes and regulations. Further, the judge granted the receiver the authority to grant access to the City inspectors to all units within the building to investigate violations within each unit.

On May 2, the court appointed receiver sent the attached notice to all Castle Beach residents. That same day, the City was contacted by a representative of Miami Management, the building's management company, to see if the City could provide a meeting space for a scheduled meeting between the court appointed receiver and the building's residents. The representative from Miami Management asked about the possibility of using the City Commission Chamber or other meeting room within the City and said that they expected over 500 people to show up. Given the large number of people expected and the lack of available meeting space at any of the City's facilities, my Office put the Miami Management representative in touch with the Botanical Gardens and the Convention Center. For reasons unknown to the City, the meeting was held on May 6, 2005 at a hotel in downtown Miami. My office has already contacted Ms. Anastacia Barriga from Miami Management to offer any assistance with any future meetings, if space permits, we certainly will do everything we can to help with any meetings between the receiver and the Castle Beach residents.

If you have any questions or need any additional information, please feel free to contact me.

JMG/RSM/RI
Attachment

CITY CLERK'S OFFICE

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RECEIVED

**Robert A. Stone, CPA*/ABV
Court Appointed Receiver
Castle Beach Club Condominium Association**

To: Castle Beach Club Owners and Residents

Subject: Building Update

Date: May 2, 2005

Background

Judge Schumacher, in January 2004, appointed me as the financial receiver of the Association. I have overseen all financial matters since that time. The City of Miami Beach on April 14, 2005 identified many life safety issues and determined that the building was an unsafe structure. The City issued a notice requiring the building be evacuated and closed until repairs are completed. The Court, on April 15, 2005, issued an injunction and restraining order prohibiting the Association's current board of directors from acting in any capacity. Judge Schumacher expanded my responsibilities and gave me full and complete authority to manage all aspects of the building.

These are very difficult times for all of you. However, the condition of the building is such that it is unsafe for you to live there. I am doing everything possible to make the required repairs and allow for your return.

Construction and Restoration

I have hired a project consulting engineer and an electrical engineer. Bids for the concrete restoration have been received and are being reviewed. Electrical and general contractor specifications are being compiled and will be sent to qualified contractors for their bids. All work will be fully permitted and approved by the City of Miami Beach.

We are attempting to stage the work in a way which will allow access back to the building as quickly as possible but in a manner that is most cost efficient. As the construction plan is formalized, I will advise you accordingly.

Individual Units

The City of Miami Beach has inspected every commercial and residential unit in the building. They have found numerous building code violations, work not permitted, and unauthorized uses in over 75% of the units. The City is in the

process of evaluating each unit and will issue notices of violations where appropriate.

Each unit owner will be financially responsible for repairs necessary to satisfy the City's building violation issues. If your unit is cited for violations, these issues must be corrected before you will be allowed to live there. Formal notifications will be mailed to each unit owner at their last known address.

Temporary electrical service is being designed and installed, within the next weeks, to allow the air conditioning to work in each unit. No other electric will be available in units at this time.

When will the building open?

The simple answer is I do not know. Based on meetings with the consultants and engineers, the current estimate is approximately six months. This estimate will be continually updated as more complete information becomes available. It is contingent on too many issues which are being evaluated.

No material work can be started until a formal commitment from a bank is received. I am currently working closely with one financial institution. Two others have declined the request.

How much will it cost?

Again, it is much too early to determine. Preliminary estimates exceed \$20,000,000. I am negotiating repayment terms which hopefully will approximate fifteen (15) years. A special assessment will be necessary to pay for the improvement project. Each owner's monthly share will not be known until the total construction costs can be finalized.

Building security

A licensed and bonded security company has been on site since shortly after the building was closed. Every effort is being made to secure the property. This twenty four (24) hour per day service is costly but necessary.

Monthly and special assessments

The association depends on your financial support, without which it cannot pay its bills. Even though the building is closed, you must continue to pay your recurring monthly and existing special assessments.

In my capacity as Receiver, I must maintain financial stability. Everyone must pay their assessments when due. The Association's collection policy will not change. Late fees will be assessed and collected if payments are not made on time. Liens

will be filed, without any additional notice, for non-compliance. Foreclosure actions, if required, will be commenced.

I apologize for being this direct, but the Association must remain financially sound and viable. Many of you are facing great financial hardship. However, the work must get done and money is needed to repay the special assessment and complete the repairs. Please consult with an attorney or financial advisor regarding your options.

Miami Management has agreed to accept your monthly payments either by mail or by hand at the valet booth at the building.

The building is not being sold

Many people have heard a rumor that the building is being sold. This is completely false. Every unit owner would need to vote in favor of a sale. This is not being considered.

Unit access

Miami Management is taking appointments for residents who wish to remove personal items from their units. Each person will be escorted during their visit and will have approximately 45 minutes to remove their belongings. This does **not** include furniture or large items at this time. Please call 305-865-6980 to make your arrangements.

Miami Management

Miami Management is to be commended for their work. Without Tati, who spent twenty hours a day at the building for the first week, we would not have any controls in place. I am grateful for the effort. Certain staff is being used where necessary. Miami Management is reassigning the remainder of the staff.

Conclusion

Your patience during these trying times is critical. I will do everything in my power to have the repairs completed and return you to your homes as soon as possible.

Robert A. Stone CPA*/ABV, Receiver

*regulated by the State of Florida

Your contact information

Please provide the following so that Miami Management can stay in touch with you:

Your name: _____ Unit _____

Mailing address: _____

Telephone: () -

Cell phone () -

Email _____

A stamped self-addressed envelope is included for your convenience.